

**Texas Commission on Environmental Quality**  
**Environmental Crimes Unit**

**REPORT OF INVESTIGATION**

Case Title: Pt. Arthur CES

Case Number: CR-FY10-008

Period Covered: 08/31/2009 – 08/06/2010

Office: Beaumont - Region 10

Cross Related Files: None

Active:

Closed:

Requested Action Completed:

Requested Action From:

On or about 05/25/2011, I received a request from US EPA-CID Agent (b) (6), (b) (7)(C) requested that a determination be made regarding TCEQ permits issued to the Pt. Arthur Chemical & Environmental Services (PACES) (RN105156111) facility located at 2420 Gulfway Drive, Pt. Arthur, Jefferson County, Texas. Of specific interest were permits related to the recycling of used oil and permits for air emissions generated during the recovery of hydrocarbons.

On 06/02/2011, I contacted the Registration and Reporting section of the TCEQ. Representatives there verified that PACES had been granted the authority recycle used oil and had been issued Registration Number A85989. The Registration was made valid on 08/31/2009. A copy of the Notice of Registration submitted by PACES to the TCEQ was obtained and is attached as Attachment 1.

With regard to air permits for hydrocarbon recovery using a centrifuge, I contacted TCEQ Air Investigator (b) (6), (b) (7) on or about 06/06/2011. (b) (6), (b) (7)(C) informed me that he conducted an inspection at the site on 03/31/2010 (Investigation #796956 – Attachment 2). (b) (6), (b) (7)(C) advised that a centrifuge was being used at the site on 03/31/2010, and that he had not seen the centrifuge at the site during previous inspections. (b) (6), (b) (7)(C) advised that he was told by PACES staff during his inspection that the centrifuge and other oil recovery process equipment had been moved to PACES from the CES facility located on Griggs Road, Houston, Harris County, Texas. (b) (6), (b) (7)(C) explained to me that PACES had two options to notify the TCEQ of their intent to use the centrifuge for hydrocarbon recovery. Option #1 (more strict of the two) was to make notification to the TCEQ within 10 days following the centrifuge installation. Option #2 (more liberal of the two) was to notify the TCEQ of the modification by March 31 of the year following the modification. The modification in this instance would be the addition of the centrifuge to their process. As (b) (6), (b) (7)(C) noted in his report, the notification had not been made to the TCEQ as of April 14.

On a side note, (b) (6), (b) (7)(C) said that when the notification was provided to the TCEQ, it was reviewed by (b) (6), (b) (7)(C). After (b) (6), (b) (7)(C) review, permission to allow the addition of the centrifuge and related process (oil recovery process) under the facility's air permit was denied. Among the reasons for the refusal were outstanding concerns of the sulfur content of the raw oil used in the recovery process when the process was

REPORT MADE BY: (b) (6), (b) (7)(C)

Date Signed: 06/28/2011

REPORT REVIEWED BY: (b) (6), (b) (7)(C)

Date Signed: June 28 2011

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operated at the Houston location. The letter notifying PACES of the denial was dated 08/06/2010, and is attached as Attachment 3.

Agent <sup>(b) (6)</sup> <sub>(4)(5) (7)</sub> request was made in reference to US EPA Criminal Investigations Division case number 0606-0015 CES ENVIRONMENTAL.